Message Text

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PAGE 01 MAPUTO 00717 100948Z ACTION AF-10

INFO OCT-01 ARA-14 ISO-00 XMB-04 AID-05 EB-08 COME-00 TRSE-00 OMB-01 SP-02 CIAE-00 DODE-00 INR-10 NSAE-00 PA-02 ICA-20 /077 W

-----020259 111013Z /11

R 090752Z JUN 78 FM AMEMBASSY MAPUTO

TO SECSTATE WASHDC 7081

INFO AMEMBASSY MBABANE

AMEMBASSY PRETORIA

AMCONSUL JOHANNESBURG

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

UNCLAS MAPUTO 0717

DEPARTMENT PASS EXIMBANK

E.O.11652: N/A

TAGS: ELTN, ETRD, MZ

SUBJECT: MOZAMBIQUE SIGNS CONTRACT FOR 25 GE LOCOMOTIVES

1. CFM MOZAMBIQUE RAILWAYS AGREED TO PURCHASE 25 MAINLINE DIESEL ELECTRIC LOCOMOTIVES FROM GENERAL ELECTRIC JUNE 8. LUIS ALCANTARA SANTOS, NATIONAL DIRECTOR OF PORTS AND RAILWAYS SIGNED THE 18 MILLION DOLLAR CONTRACT ORDER WITH GNERAL ELECTRIC OF BRAZIL AND WITH THE AMERICAN GE. THE LOCOMOTIVES WILL BE SHIPPED FROM THE SAO PAULO ASSEMBLY PLANT BETWEEN DECEMBER 1978 AND APRIL 1979. AND PUT INTO IMMEDIATE SERVICE ON THE CFM SUL LINE SERVING SOUTH AFRICA AND SWAZILAND.

2. THE VALUE OF COMPONENTS AND SPARE PARTS OF AMERICAN MANUFACTURE IS JUST OVER DOLS SEVEN MILLION, PRELIMINARY APPROVAL FOR EXIMBANK FINANCING FOR MOST OF THIS COST HAS BEEN GRANTED. BANCO DO BRAZIL AND THE BRAZILIAN CACEX WILL FINANCE THE BRAZILIAN SHARE. THE LOCOMOTOVES REPRESENT THE LARGEST UNCLASSIFIED

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SINGLE PURCHASE OF AMERICAN GOODS AND THE FIRST EXIMBANK DIRECT LOAN IN MOZAMBIOUE SINCE INDEPENDECCE.

3. AT THE CONTRACT CEREMONY ALCANTARA SANTOS PRAISED THE COOPERATION OF THE AMERICAN AND BRAZILIAN GOVERNMENTS IN HELPING TO ARRANGE THE PURCHASE. THERE WAS A BRIEF NEWSPAPER ARTICLE DESCRIBING THE PURCHASE.

4. COMMENT: MOZAMBIQUE DESPITE ITS SOCIALIST POLITICAL
AND ECONOMIC SYSTEM, IS WILLING TO MAKE MAJOR PURCHASES
OF AMERICAN GOODS WHERE THE QUALITY IS KNOWN, THE FINANCING
ATTRACTIVE AND THE SELLER ATTENTIVE. GE CHOSE TO
ASSEMBLE THE LOCOMOTIVES IN BRAZIL BECAUSE OF FINANCING AND
ABILITY TO
SUPPLY INSTRUCTIONS AND TECHNICAL ASSISTANCE IN

SUPPLY INSTRUCTIONS AND TECHNICAL ASSISTANCE IN PORTUGUESE. OTHER TRANSPORTATION EQUIPMENT WHICH MOZAMBIQUE WILL BE BUYING IN THE NEXT 24 MONTHS INCLUDED SHUNTING LOCOMOTIVES AND INTERCITY BUSES.

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